
From: Owen, Jenni [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=2282B573E68D40B38BF110B1530DB523-JOWEN2]
Sent: 11/28/2017 10:49:52 PM
To: White, Julia W [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d92f33e7d43e44a9b15d6ec92e2348cb-jwbuckner]
Subject: FW: ACP

From: Tarr, Jeremy M
Sent: Tuesday, November 28, 2017 5:21 PM
To: Owen, Jenni <Jenni.Owen@nc.gov>
Subject: Fwd: ACP

Jeremy

Sent from mobile phone.

Begin forwarded message:

From: "Tarr, Jeremy M" <jeremy.tarr@nc.gov>
Date: November 21, 2017 at 11:49:35 AM EST
To: "Eudy, Ken" <ken.eudy@nc.gov>
Subject: RE: ACP

Following up on ACP costs...

The costs of natural gas fuel and transmission get passed to ratepayers. But costs are passed through only to the extent that NCUC determines them "prudent" in each annual fuel proceeding. DEC, DEP, PNG, and PSNC privately negotiated transmission costs with ACP in precedent agreements. On October 2014, the NCUC authorized DEC, DEP, and PNG to enter into precedent agreements. That NCUC authorization does not mean the transmission rates negotiated in the precedent agreements will be determined prudent by the NCUC in annual fuel proceedings. The 14% return on equity (which is passed on through transmission tariffs) that FERC would allow does not apply to the 4 companies above, as they negotiated transmission costs privately. That 14% is the max ACP could charge to a new buyer.

In terms of distribution, the ACP is 96% subscribed, so there is little capacity for additional customers. If there is additional capacity and need, then the local natural gas distribution company (LDC) would negotiate with ACP on price and location of the tap. If the LDC wants to rate base the connection costs, then it would seek rate recovery ex post through a rate case. If one or two large customers want the distribution, then those customers, not the entire rate base, would likely pay for the connection costs.

I am here today and tomorrow, if you have follow-up questions. I'll get back to you later today about a distribution idea we discussed.

Jeremy

Jeremy Tarr
Policy Advisor
Office of Governor Roy Cooper

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Raleigh, NC 27699-0301
919-814-2043 | Jeremy.Tarr@NC.Gov

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From: Tarr, Jeremy M
Sent: Monday, November 20, 2017 3:36 PM
To: Eudy, Ken <ken.eudy@nc.gov>
Subject: RE: ACP

Neither I nor one contact at the public staff could find them. I have a call out to someone else to help me locate any ACP filings at the NCUC and to understand more about costs. Will get back to you on this and another ACP issue we discussed by tomorrow.

Jeremy

Jeremy Tarr
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From: Eudy, Ken
Sent: Monday, November 20, 2017 2:16 PM
To: Tarr, Jeremy M <jeremy.tarr@nc.gov>
Subject: ACP

Jeremy,

Did you find the ancillary filing on ACP costs at NCUC?

Ken Eudy
Senior Advisor to the Governor
919.814.2110

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